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EFQM Model Excellence a možnosti jeho uplatnění v konkrétním podniku

The EFQM Excellence Model and possibilities of its use in a chosen company

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  3. Practical use of the EFQM model in a chosen company
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- DALE, G., A. WIELE and J. IWAARDEN. *Managing Quality*. 5th ed. Oxford: Blackwell, 2007. 610 p. ISBN 14- 0514- 279- 0.
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**Místopřísežné prohlášení**

Místopřísežně prohlašuji, že jsem celou práci, včetně všech příloh, vypracovala samostatně.

V Ostravě dne 9.srpna 2012

.....  
Michaela Černá

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# CHAPTER 1. INTRODUCTION

This dissertation has set as the main objective to introduce the EFQM Excellence Model, its main elements as well as its main strengths and weaknesses and focus on the possibility of its practical use in the chosen company of CEMAT. The thesis will be divided into several parts. The theoretical part summarizes the basic understanding of TQM principles, the description of the EFQM model and its criteria. Also in the theoretical part the methodology is thoroughly described, which focuses on the research and the chosen company is introduced. In the practical part the EFQM model is brought out and applied on the company. Further, the thesis is dealing with the implementation and detailed description of applied criteria and other theory on the chosen company. Data required for the practical part of this dissertation has been obtained from managers of CEMAT, who were chosen as a population, as they have the key information needed to use the EFQM Model Excellence and self-asses CEMAT. Interviews were conducted and applying the EFQM model carried out a qualitative data analysis. The results were then interpreted and recommendation given by analysing the strengths and revealed opportunities which have arose

*"The ideal to the Greeks was Arete, or "excellence." The definition of Arete varied by its context; for a racehorse, it was speed, for a car, strength. For a man, it connoted excellence in the ways a man can be excellent—morally, intellectually, physically, practically (Kitto, 1951). Even though Arete applied to multiple phenomena, for Plato, Arete was absolute. It was "the good, the highest form, the highest idea of all" (Pirsig, 1974: 373)" (Reeves & Bednar 1994).*

Quality is a key asset in today's successful companies, especially when trying to get a competitive edge among rivals. Irrespective of the industry, there is competition more or less everywhere, therefor a strong company must sustain continuous improvement and flexibility with focus on the customer throughout all parts of an organisation. Evans & Dean (2003) also centre the system of quality management on the customer. They further explain customer focus increases a company's performance and results.

Studies have proven there are many factors which customers consider when purchasing goods, such as price, uniqueness and also the reputation of the vendor are fundamental. Moreover, Anderson & Rungtusanatham (1994) point out, that many companies now choose quality management as an extracurricular activity, since it enhances their

competitiveness and declares to the customer it is trustworthy.

This dissertation discusses modern European trends in quality management, more specifically the EFQM Model Excellence, which is based on the philosophy of a comprehensive quality management system Total Quality Management. This system is no longer the traditional quality management system, which existed in the past and in many companies still remains today. The EFQM model is a much more complex matter, which has high ambitions in the overall business management. Thanks to its characteristics and practical benefits it has proven to be a helpful tool for implementing quality management throughout an organisation. It provides arguments to understand why the EFQM is a practical concept of using the TQM principles.

Furthermore objectives have been set to map out the structure of this dissertation. First it is to introduce the EFQM model and self-assessment methodology to the chosen company in order for them to get a deeper understanding of the problematic when later evaluating the current quality status. Secondly, based on this methodology the researcher will make an initial evaluation of the company and finally strengths and most important opportunities for improvement will be revealed.

Quality management is a long-term process it can take companies up to 10 years to put the fundamental principles in practice (Dale et al. 2007). This was one of the key drivers for creation of the topic as the chosen company has initiated interest in assessing its quality management and the stage it finds itself in.

## **CHAPTER 2. Theoretical aspects of the EFQM model**

### **2.1 What Is Quality and Why Is It Important**

“Quality is driven by a person’s own internal mechanism – 'heart and soul', 'personal beliefs’” (Dale et al. 2007, p.23). Quality in today’s world is quite an overused word. If you attach the word quality to a product/service, it shows that it is worth spending money on. The product then has a certain competitive advantage. It is common to hear that a person knows quality when they see it. However everybody views quality in a different way, it is very subjective. Companies may think they distribute quality products, but the final judge of quality is ultimately the consumer (Dale et al. 2007).

Providing superior quality and showing growth is vital to a company if it wants to succeed. Gives the company not only positive image, but also improves its competitive ability – nationally and internationally and reduces operating costs eliminating liability problems Evans & Dean (2003). If an organisation wants to be successful their quality advantage should be built on 5 main “pillars of quality”:

- customer focus – meeting their requirements,
- total involvement – everyone in an organisation is involved in achieving quality,
- measurement – of aspects relevant to the customer, monitor quality,
- system support – by overseeing other systems such as budgeting, scheduling, performance management etc.,
- continuous improvement – continuously preventing and solving problems (Labovitz et al. 1993).

There are also some problems with the word quality, even though it sounds good to the ear and is a great marketing tool to attract customers. However the saying ‘you know it when you see it’ doesn’t give managers a helping hand when striving for perfection. Therefore the suggestion is that the word quality should be more pragmatic and substantial in order for managers to reach the so desired excellence. Another downside to this excellence frenzy is that customers may perceive these so labelled products as expensive and will then opt for a cheaper solution (Yong & Wilkinson 2010).

## **2.2 Strengths and Weaknesses of Defining Quality**

### ***2.2.1 Strengths***

Striving for an excellent product or service provides strong competitive advantage as well as marketing benefits. It is much easier to try to aim at excellence, rather than think of the customer's needs. Customers who seek out quality products are very proud of them and are usually envied by their peers. This high quality and excellent service is usually tied to luxury brands in the automobile industry for example. When labelling a product quality it must be done so by much higher power than just a person's opinion, otherwise the word loses its value (Reeves & Bednar 1994).

### ***2.2.2 Weakness***

It is the problem with word excellence itself. Its very abstract meaning and lack of definition makes it hard for managers to strive towards it. Unless they capture customer's precise judgments it is mostly up to their imagination and own opinion. Today an important element of quality is durability, only being relevant for the past century (Reeves & Bednar 1994).

To conclude understanding quality is rather than an empirical task a philosophical one. The most important factor affecting an organisation is how of quality their products are compared to their competitors. Reeves & Bednar (1994) believe that different definitions of quality are appropriate for different circumstances.

## **2.3 The History of Quality Management**

Quality has been evident in human work for as long as we can remember. It has always been a part of the production process however, the biggest changes concerning the discipline of quality management came in the 20<sup>th</sup> century. It was the time of industrial revolution and automation. This then led to mass production, where products were produced in a larger scale than ever before and in need of quicker inspection. It then became impossible to follow up quality as they did when crafting products by hand.

We can divide the evolution of TQM into four stages:

1. quality inspection,
2. quality control,
3. quality assurance,
4. Total Quality Management (Dahlgaard et al. 1998).

The first development can be seen in 1910's when Henry Ford invented the automated assembly line and this need to control the quality of products being made in such amounts was solved by a creation of specific quality management department of **inspectors** set up to overlook this process. This was applied to all stages covering production, delivery etc. The purpose was to find a faulty product and separate it from the acceptable quality ones. This faulty one would then be sent back, reworked and sold as a lower quality product (Dahlgaard et al. 1998).

Of course, many problems arose with creating this quality management department. Especially the fact, that management of the company and workers lost control over the final form of the product. All the responsibility was shifted to the newly made up unit (Basu 2004). Therefor it was necessary to expand this overseeing to the whole production process of the company.

As changes needed to be made, the second stage of **control** came and the biggest impact was the quality revolution in Japan after World War II. Until then, Japan had a reputation of bad producing and thanks to the growth of liberalization of international business many companies of this type would collapse. This was the beginning of the so-called Company-Wide Quality control. It was the new concept concerning quality management and thanks to it Japan is now one of the leading countries in this field and brought other countries to follow (Ishikawa 1985).

Third stage of quality **assurance** includes all previous stages. To satisfy customer's needs became a priority and the mind-set shifted from detecting faults to actually preventing bad quality (Dale et al. 2007). Here quality manuals were developed as well as use of cost quality, development of process control or auditing of quality systems. The final stage of **TQM** involved the understanding of implementing the concepts of quality into all parts of the

company.

## 2.4 Definition of Total Quality Management

As it was difficult to find one definition for quality, the same applies to TQM. Many respectable authors in this field show their view of what TQM represents. Deming emphasizes the systematic nature of organisations and the importance of leadership, Juran's framework contains quality planning, control, and improvement and points out how statistical tools can help eliminate defects. Moreover, he believed strongly in top management support and most importantly he made aware of the 80/20 Pareto rule, which means that 80% of a organisations problems are a result of only 20% causes (Charantimath 2009). Lastly Crosby adds to the confusion by adding that both cheap and expensive products can be made quality; he focuses on reducing cost through quality improvement (Dean Jr. & Bowen 1994).

We can generalise these ideas by stating, TQM is a philosophy, but more importantly, it is a set of rules that guide the company management to meet and hopefully exceed the needs of consumers. It is also important that the company meets their goals in this process. TQM should be applied at every branch and in every level of a company.

The concept of TQM can be summarised in the following three points according to Bou-Llugar et al. (2008):

1. The core concepts of TQM can be classified into two broad categories or dimensions: **social** or soft TQM, and **technical** or hard TQM'. Social dimension concentrates on HR management, where key aspects are teamwork, training and employee involvement. Technical dimension is oriented to improve production methods. The goal is to find an optimal working method, which stems from well working processes. These processes should be aimed at the constant improvement of goods and services.
2. Management of social and technical aspects of TQM should be in synergy in order to achieve the desired result. These aspects are linked and supported in their effectiveness.
3. Optimal control of the basic concepts of TQM leads to better performance of the organisation. TQM is valuable to the customer as it identifies his needs in an ever-changing markets.

The main idea of the corporate quality control is based on a perfect understanding of process management. The main idea of quality management is simply focused on the customer getting a quality product, customer meaning the final consumer of the product. However process management represents all activities in a company, which are interconnected and follow one another. Each process then has its own owner and customer, including internal customers as well. Also the owner of the process is responsible for its implementation and therefore needs to be familiar with quality management principles. By looking at quality in this particular way, for a company to reach excellent results in quality (and thus also in other performance outcomes), the quality must be controlled throughout the whole business and this is only possible when satisfying the needs of all parties interested (Wadsworth 2001).

## **2.5 Approaches of TQM from different countries**

As has been stated, the idea of TQM emerged from Japan. There have been different approaches and perspectives on TQM, which influenced one another. One of the contributors to quality management was W. Edwards and his 14 principles of quality. According to him, an organisations problems lie within the management processes and by using statistical methods these problems can be located and addressed. His philosophy was to involve everyone from the organisation to participate in building quality, workers to be trained and standard procedures to be set up. Then everyone would be using the “same best way” (Basu 2004).

The Japanese, who hugely inspired the automobile factories in USA, also contributed. A big Japanese thinker Taguchi developed a theory:

1. determine the level of quality,
2. improve it in a cost-effective manner,
3. monitor by using feedback (Basu 2004).

A need to put together these factors that define quality resulted in the creation of Total Quality Management. Over time many principles and models were built to help improve overall quality. These core concepts were then the base for theoretical quality management models such as TQM. Some of these concepts:

1. focus on the customer,



2. commitment of top – management – role models,
3. strategic planning of quality,
4. involvement of the whole organisation,
5. studying quality control,
6. quality measurements,
7. benchmarking,
8. cost of quality (Flood 1993).

Figure below shows the fundamental concepts of TQM specifically applied to the EFQM model. EFQM fundamental concepts of excellence

**Figure 2.1 EFQM fundamental concepts of excellence**



Source: EFQM, 2012a. EFQM shares that works. *EFQM shares that works*. Available at: <http://www.efqm.org/>

This is not the whole list of the core principles, as there are many. TQM is not the only modern quality management tool, others like ISO 9000 are also used. Unlike ISO though TQM looks more into company's areas and concerns itself more with the social aspect of an organisation.

## 2.6 TQM in practice

For this theoretical model to come into practice, there were a few “tools” invented to help a company implement it. The most popular models are Malcolm Baldrige National Quality Award (MBNQA), Deming Prize Model and the self-assessment EFQM Excellence

Model, which is the main topic of this dissertation. Each of these quality/excellence award models are connected to a national or international competition in quality (Dale et al. 2007).

MBNQA is the most talked about in literature concerning TQM, therefor will be also described in more detail. MBNQA was created to be used as a tool for companies to improve their quality and productivity. It deems to be a motivational tool for companies to obtain a “competitive edge through increased profits” (Charantimath 2009). It also sets an example to other firms to establish guidelines for governments and other organisations on how improve their own quality efforts (Waller 2003). Baldrige categories are leadership, information and analysis, strategic quality planning, human resource development and management, management of process quality, and customer focus and satisfaction (Dean Jr. & Bowen 1994).

## 2.7 EFQM Excellence Model

**Figure 1.2 EFQM Excellence Model 2010**



**Source:** EFQM, 2012a. EFQM shares that works. *EFQM shares that works*. Available at: <http://www.efqm.org/>

EFQM was formed by a group of European leading organisations to develop a framework to help improve the effectiveness, efficiency and competitiveness of organisations. It can be applied to any organisation regardless of size or sector (Anon 2011). „The good thing about doing a Self-Assessment is that we know our managers are now thinking about the right things” (EFQM 2012b).

It is a tool used to not only used to measure capacity but also can be adapted to fit an individual business for management purposes. It gives an organisation the opportunity to look at its processes from a macro and also personal perspective helping all departments to communicate their findings with a same language (Steed 2001).

The main purpose of EFQM is to motivate and inspire organisations to achieve excellence through applying the principles of TQM. The EFQM model is currently the most used in Europe in over 30 000 organisations (EFQM 2012b). It represents an organisational framework for the evaluation of the quality achieved by the company, based on the principle of TQM. The main idea is, that a company can only achieve a quality product by having a well-managed company with overall good results. This means not only satisfied customers but also employees or even suppliers. This can only be achieved through processes from a well-planned strategy set up by the organisation.

Fundamental concepts of EFQM:

- focusing on results – achieving results that satisfy all involved in the organisation,
- customer focus – by anticipating their needs an organisation needs to create sustainable value for customers, because they are their main priority,
- leadership and integrity – managing an organisation with a vision and in a inspirational for the purpose of stability,
- managing on the basis of processes and data control - using fact-based decision making,
- develop and include human resources - maximizing the contribution to an organisation through using employees skills development,
- continuous learning, innovation and improvement - the principle of a learning organization creates opportunities for development,
- developing partnerships - developing and maintaining partnerships that provide value,
- Corporate Social Responsibility - exceed the minimum legal requirements in terms of responsibility towards society and environment (EFQM 2012b).

## **2.8 EFQM Excellence Model and Its Main Purpose**

The main purpose of EFQM model:

1. regular monitoring of business processes to identify strengths, weaknesses and potential

- improvement,
2. based on the a list of components sub criteria offer up to 128 areas of possible improvements,
  3. managing the process of continuous improvement,
  4. allow external benchmarking for an organization,
  5. implementing TQM philosophy in organisation,
  6. creating framework of references for the good management, planning and evaluation (EFQM 2012b).

To use EFQM model for evaluation there are two basic methods: self-assessment within a company or benchmarking. The latter means comparing company's processes and performance against the industry. For the purpose of this dissertation the self-assessment method will be used to find areas that need improving, a common language for a company to improve communication and a way employees think. Another use of this model is to structure the management system (Michalska 2008).

## 2.9 Criteria of EFQM Excellence Model

There are 9 criteria which help an organisation understand and analyse the cause and effect relationships between what an organisation does and the results you achieve'. Five of the mentioned criteria are **Enablers**, which explain the actions of a company and how they are carried out and four criteria are called **Results**, which display the accomplishments of an organisation in relation to its stakeholders. These 9 criteria are further elaborated into 32 sub-criteria into to individual points, which specify the area of activity of the excellence an organisation should implement. This part will contain more detailed definitions of only the nine EFQM criteria as going into further detail would be too in-depth analysis of chosen topic for this dissertation purpose. The RADAR logic helps to determine the score of each criterion and will be defined further. Meaning and importance of criteria will be explained.

Need to mention the following criteria are intertwined and have links with one another. If for instance a process is highlighted in an enabler criterion, the outcome of this process can be then reasonably expected to appear in one of the results. For example, criterion 3 People is linked to criterion 7 People results, as employees directly influence customers of an organisation (EFQM 2012b).

## **2.9.1 ENABLER CRITERIA**

### **2.9.1.1 Leadership**

Management of a company creates the mission of an organisation; they set an example and inspire others to lead the organization to long-term success. They also bring change. This category has a maximum of 100 points.

1. Leaders develop the vision, values and ethics if company and are role models of excellence,
2. leaders are personally involved in ensuring that the organization's management system is developed, implemented and continuously improved,
3. leaders interact with customers, partners and representatives,
4. leaders together along with the workers in the organization strengthen a culture of excellence, they also recognize peoples efforts and achievements,
5. leaders identify and promote organizational change (Flood 1993).

### **2.9.1.2 Strategy**

How the organisation implements its mission and vision through a stakeholder focused strategy, supported by plans and targets. This category has a maximum of 100 points.

1. Policy and strategy are based on current and future needs and expectations of the stakeholders and on information from measuring performance and surveys from activities related to learning and external related activities,
2. policy and strategy are constantly being developed, reviewed and updated,
3. policy and strategy are communicated and applied with the help of key structure processes (Waller 2003).

### **2.9.1.3 People**

How the organisation manages, develops and releases the knowledge and full potential of its people. This category has a maximum of 100 points.

1. Human resources are planned, managed and improved,
2. knowledge of workers and their competences are identified, developed and maintained,
3. employees are involved in the company and being empowered,
4. personnel and the organization communicate with one another,

5. employees are being paid, recognized and taken care of (Waller 2003).

#### **2.9.1.4 Partnership and Resources**

It involves how managers use resources effectively and efficiently. It is important not only to manage internal resources but also external, based on suitable partnerships between organisations. This category has a maximum of 100 points.

1. External partnerships are managed,
2. financial resource are managed,
3. buildings, equipment and materials are managed,
4. technology is managed,
5. information and knowledge are managed (Dale et al. 2007).

### **2.9.2 RESULTS CRITERIA**

#### **2.9.2.1 Processes, Products and Services**

How the company designs and manages its processes to satisfy the customer and generate increasing value. This category has a maximum of 100 points.

1. Processes are systematically designed and managed,
2. processes are improved as necessary based on the use of innovation to fully suit the range of customers and other interested parties and create increasing value for them,
3. products and services are designed and developed based on the needs and expectations of customers,
4. products and services are produced and delivered and its service is provided,
5. customer relations are managed and improved (Waller 2003).

#### **2.9.2.2 People Results**

This criterion contains employee motivation, satisfaction and performance. The service a company provides to them. This category has a maximum of 100 points.

1. Peoples perception of the organisation,
2. performance indicators.

### **2.9.2.3. Customer Results**

How customers are loyal, their perception of organisations image, products and services. This category has a maximum of 150 points.

1. Customers perception of the organisation,
2. performance indicators.

### **2.9.2.4 Society Results**

How the organisation contributes to the society and its involvement with the community. This category has a maximum of 100 points.

1. Society's perception of the organisation,
2. performance indicators(Waller 2003).

### **2.9.2.5 Key results**

This criteria includes key strategies and planning of an organisation. It involves the most important results a company has achieved through its main company strategy, including financial and non- financial results, profit and meeting budgets. This category has a maximum of 150 points.

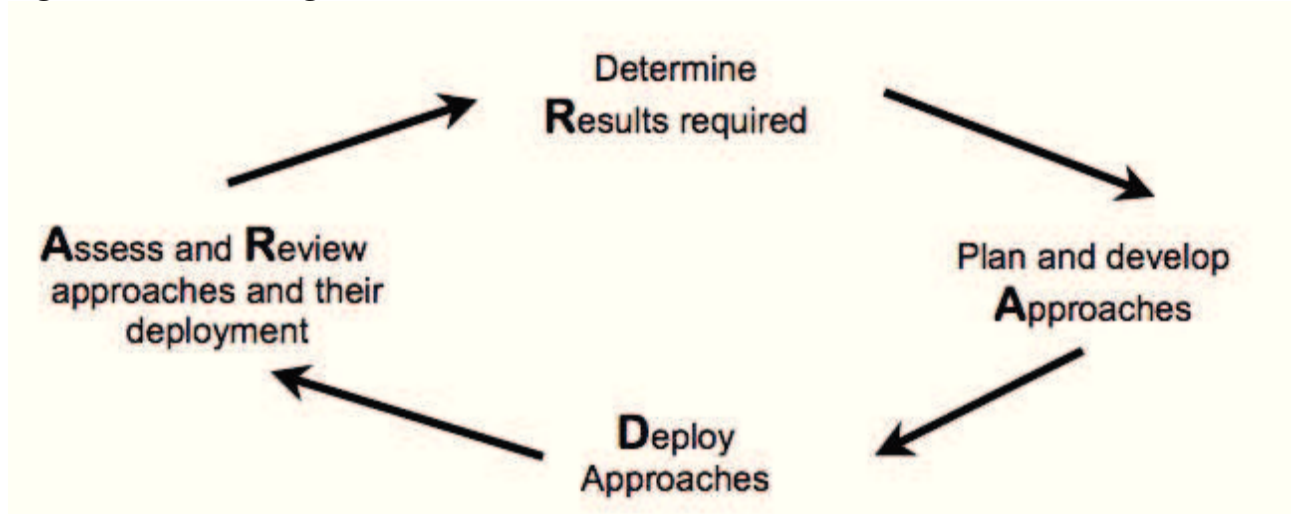
- 1) Key performance results,
- 2) key performance indicators (Waller 2003).

Looking at every criterion on which the model is based, it is clear that this is a truly comprehensive analysis of an organization and all its processes and activities. This complexity significantly exceeds the level provided by the static model of the quality system according to ISO standards.

## **2.10 The RADAR logic**

It is the heart and soul of the EFQM model and consists of four elements: results, approach, deployment, asses and review.

**Figure 2.3 RADAR logic**



**Source :** Steed, C., 2001. *Mapping the QAA Framework and Excellence. Executive summary report*, p.35, Consortium for Excellence in Higher Education. Available at: [http://www.csuchico.edu/vpaa/wasc/docs/EERDocs/APRfiles/QAA\\_and\\_EFQM\\_Models\\_Compared.pdf](http://www.csuchico.edu/vpaa/wasc/docs/EERDocs/APRfiles/QAA_and_EFQM_Models_Compared.pdf)

It is based on the idea, that excellent results can only be achieved when a right approach is chosen and implemented throughout an organisation. This approach then needs to be systematically assessed, reviewed and revised. In reference to this we can clearly see it is a very complex method, which needs a lot of an organisations attention, time and especially resources. Thanks to a balanced set of indicators RADAR indicates the performance of an organisation. It requires a minimum of data from 3 years back to evaluate the company's main targets and whether they have been met. RADAR advises an organisation to define their targets in their strategy plan, formulate how to integrate these desired results, find a method to implement them in the strategy plan and finally reevaluate and improve methods used by analysing achieved results (EFQM 2012b).

The framework displays the strategy plan of and organisation and its rationale. It is evaluated by the approach used and whether it is aimed towards the needs of stakeholders. Scored as well is the method chosen and whether it is implemented in all relevant areas in an orderly way. Policies must also be taken into account where necessary. The last part scored is whether the organisation does assess the method chosen and improves found imperfections (Steed 2001).

## **2.11 The Relationship between EFQM and TQM**

EFQM was created as a framework for quality assessment of businesses for the



purpose of assessing the European Quality Award. Since 1999, when it was established it was also known as the European model of TQM. Whether indeed the EFQM Excellence Model takes into account all fundamental aspects of TQM was trying to be proved or disproved by an empirically based study of Spanish authors Bou-Llusara, Excrig-Tena, Roca-Puig, and Beltrán-Martín.

The result showed that part of the EFQM model called "tools and resources" includes a technical and social dimension of TQM, which are interconnected to form the construct of *Excellence tools and resources*. It was confirmed that the second part of the model "Results" are also form a construct of *Excellence results*. It was subsequently shown that Excellence tools and resources have a **strong positive impact** on the excellence of the outcome. These results led to the confirmation that there are logical links between the criteria and that the EFQM mimics TQM. The company can therefore achieve TQM implementation through the adaptation of the EFQM (Bou-Llusar et al. 2008).

## **2.12 Strength and weakness of EFQM model**

### **2.12.1 Strengths**

One of EFQM's features is **focusing on results**. It is mainly about how organisations measure and anticipate the needs and expectations of stakeholders and how they monitor their perception. Collected information helps in improving the organisation and achieving results for customers, employees and other stakeholders. This organisation will then achieve added value for all stakeholders to ensure long-term success based on an understanding of their current and future needs and expectations (Michalska 2008).

Another great advantage is the **social responsibility** of a business. It basically takes an ethical approach also known as business ethics. This means that an organisation behaves transparently and responsibly towards its stakeholders thinking about and actively supporting social responsibility and environmental sustainability for both now and the future. This has resulted in increasing the value of branding, customer loyalty and increased confidence of stakeholders.

As part of the process control system it also includes the **use of system standards for quality management**. The model seeks to understand the broader context of a company's

operations.

The last and most important aspects of EFQM is the ability to **self-asses** an organisation. The model itself consists of 9 criteria and 32 sub-criteria as mentioned above and based on these approaches, the organisation will then achieve appointed results. With the help of the EFQM Excellence Model and RADAR logic the organisation is capable of performing self-assessment and thus identifying its strengths and areas for improvement (Dostálová 2012).

### ***2.12.2 Weaknesses***

Modern quality management involves changing the mind-set of an organisation and in some cases, it means to **redefine the cultural approach**. This is unfortunately sometimes underestimated as only by adopting formal approaches and occasionally emphasizing their compliance into the business will not bring the expected benefits.

With implementation of quality management **cost for its implementation** must not be forgotten. In particular, time and human resources are significantly exploited. The company must realise the value this system can bring in a certain time rather than simply going head on into this challenging and prolonged process (Wadsworth 2001).

Company's culture based on quality framework must be built in long-term and therefor can't be rushed. If a company is just establishing the quality system, it must expect some difficulties of psychological and organizational nature. EFQM approach is considered a change in the way work is organised and this process is never simple (Klefsjö et al. 2008).

This model also has limitations from a functional point of view. Assistance of experienced evaluators is required to perform high quality self-assessment. However, there are still many opportunities for miss-scoring criteria and sub criteria, which is caused by the qualitative nature of some assessments. The model also cannot accurately capture some synergic relation between individual sub-criteria.

## **2.13 Self-assessment Techniques**

### ***2.13.1 Simulation Method***

This is the most complex, longest, but also the most accurate and objective assessment method used for the European award for quality. It uses external specialised workers who are trained in the assessment criteria EFQM. The results report is limited to 75 pages. After a project manager assess a company, results are presented to the management, who assess its objectivity. This method is quite costly and time consuming, but provides the most plausible and useful results and conforms to internal and external benchmarking.

### ***2.13.2 The Questionnaire Method***

Within this framework a questionnaire created by the European Foundation for quality management (EFQM) is used. Each of the major criteria are assigned a set of evaluation questions. The fulfilment of the requirements is marked on a scale from 1-100 according to the RADAR methodology. It is possible to customize the questionnaire based on an organisation's needs and specialisation. The advantage of this method is relatively small training demands, easy performance, evaluation and presentation of results. It allows to clearly identify levels of perceived quality control of various employees in various positions. However this method does not provide reliable external benchmarking.

### ***2.13.3 Assessment Workshop***

This method requires an active role of company management, as their presence in the evaluation workshop is a prerequisite for relevant findings. Management is not only a part of the evaluation, but also the preparation and analysis of data. Especially with this method there is necessity for training, which explains the meaning and essence of the EFQM evaluation. Crucial is working out individual reports that are then presented to other members of the evaluation team. After studying all 32 sub-criteria a minimum of one-day workshop is carried out targeted to achieve compliance with evaluation criteria.

Amongst many specific advantages of this method is the creation of management's common opinion of the company, it's the current status and areas which needed improving. The need for consistency supports the formation of a solid team within the company's management, who will be involved in the promotion of excellence throughout the organization. Main disadvantage is higher time-consumption when compared to matrix

diagram, simulation or questionnaire method. This, especially for management representatives, who are actively represented in this process, can create difficulties (EFQM).

#### ***2.13.4 Matrix Diagram Method***

This method is one of the less complex but also the least accurate. Results are inserted in a matrix, where columns represent the main criteria of the Excellence Model and the rows degrees to which these criteria are fulfilled. This matrix needs to be prepared in advance with appropriate declarations of the state of implementation of the model on each line. Recommended number of lines is ten. The reached level is evaluated by a team of assessors on a scale from 1 – 10. The disadvantage of matrix diagram is that its output does not identify the strengths and weaknesses, but merely a finding that the company reached a certain level within the parameters of the model. The advantage is speed and simplicity in comparison with other methods.

#### ***2.13.5 Combination Of Different Techniques***

It allows taking advantage of techniques combined and thus eliminating the disadvantages of some of the individual methods. Due to limited resources, which will be further explained in the next subchapters, this method of self-assessment will be used in this research.

### **2.14 European Quality Award**

It was first awarded in 1992 and is an equivalent of the MBNQA mentioned above. The EQA is awarded each year to companies, which qualify to the high standard set by the EFQM organisation, which is a global non-profit membership foundation (EFQM 2012a). EQA is not only an award but also a method to evaluate quality in organisations throughout Europe.

It is meant to focus on business excellence and motivate companies to innovate and then demonstrate results achievable. The main key is to improve competitiveness in European industry (Dale et al. 2007). EQA recognizes company's processes carried out by their employees to achieve results. A company can be awarded of maximum 1000 points from the nine criteria (Davies & Isaac 1998).

It is set up of four categories:

- large businesses and business units,
- operational units of companies,
- public sector organisations,
- small and medium-sized enterprises (SME's) (Dale et al. 2007).

These prize-winners then receive a trophy for one year and are expected to share their knowledge and experiences on seminars organised by EFQM.

The EQA award is based on the self-assessment made by the organisation itself and this is then evaluated by a selected evaluation team. In the end there is a written final report on the findings and points are given out. The model is structured based on the nine EFQM criteria mentioned above.

There are also many national awards such as the Czech National Quality Award or The British Quality Award. These are based on EQA principles and are a good platform to later enter the EQA itself (Davies & Isaac 1998).

## **2.15 Summary of EFQM theory**

TQM is an attitude, a philosophy, but also a process that emphasizes personal responsibility of all workers striving for continuous improvement and as such it will never end. At the same time TQM is a system consisting of organisational, administrative and technical procedures, methods, techniques and tools. The basic concept of TQM is focused on the customer, workers of an organisation, on the processes, the work environment, goals, results and forms the basis the EFQM model. It is not a revolutionary concept with entirely new management features, in contrast, it is consistently using well-known structures, strategies, systems, methods and tools based on the above-mentioned basic attitudes.

The EFQM model follows nine criteria. The first five create assumptions about the organisation, where the role of leadership is relevant, as it consists of corporate strategy, plans and financial, material as well as human resources. In the other four criteria the organisation is evaluated in terms of results or objectives, which it wants to achieve.

Results are evaluated primarily with regard to the customer to whom the model

attaches the greatest weight. Moreover, evaluated are also many other areas such as employee satisfaction or relationship to the environment. It is therefore a complex assessment of all activities. The EFQM model allows detecting weaknesses in the organisation and better exploiting its strengths. The functionality of the model according to the statistics of EFQM foundation, is supported by the fact it is widely used in Europe.

## **2.16 Methodology**

This chapter will contain the description and reasoning behind the chosen methodology for this research. The main objective of the study is to find out if an implementation of the EFQM model is possible in CEMAT.

When deciding which strategic tool for data collection will be chosen, the researcher summarized the intentions of this study. The purpose of this research is to look into the company chosen, examine the current state of quality management implemented by using the EFQM model and possibly adopting this model for company's further use. Primary data were obtained from the company through their internal documents and mainly from the management.

According to facts above mentioned and since data in EFQM are more of qualitative nature as the model uses words for describing criteria a qualitative method of data collection was chosen. The research tool used will be an interview.

A questionnaire approach was firstly considered mainly due to its un-costly and minimum time consuming features nevertheless, the danger of respondents misunderstanding questions asked in the case of a very complicated EFQM model analysis was high, therefore a more in-depth qualitative research was carried out instead. Definitions and description of chosen the research method to collect data required will be described further in this chapter.

To emphasize more on the decision why interviews as a source of qualitative data have been chosen, Table 3 shows the main distinctions between quantitative and qualitative data:

**Table 2.1 Distinction between Quantitative and Qualitative Data**

<b>Quantitative data</b>	<b>Qualitative data</b>
<ul style="list-style-type: none"><li>• Based on meanings derived from numbers</li></ul>	<ul style="list-style-type: none"><li>• Based on meanings expressed through words</li></ul>
<ul style="list-style-type: none"><li>• Collection results in numerical and standardised data</li></ul>	<ul style="list-style-type: none"><li>• Collection results in non-standardised data requiring classification into categories</li></ul>
<ul style="list-style-type: none"><li>• Analysis conducted through the use of diagrams and statistics</li></ul>	<ul style="list-style-type: none"><li>• Analysis conducted through the use of conceptualisation</li></ul>

**Source: own work based on Saunders et al. 2007, p.472**

### ***2.16.1. Research approach and strategy***

The EFQM model and its self-assessment method is a very complicated and long process. Findings are normally determined by a professional assessor for the EFQM Quality Award, who then emphasizes strengths and areas for improvement classified under the headings of each of the sub-criterion element (EFQM).

An EFQM self-assessment as mentioned in the previous chapter can be carried out in many ways. In this study the combination method was chosen. This means the EFQM self-assessment questionnaire using open questions will be transformed into a set of questions for the basis of a conducted interview. These questions are based on the sub-criteria of the EFQM model. Additional information will be gained by asking elaborative questions from each criteria.

The method chosen is adequate to the following objectives set for the self-assessment:

- Help familiarize the company with the EFQM self-assessment methodology.
- Based on this methodology make an initial evaluation.
- Above all reveal the strengths and most important opportunities for improvement.

Individual areas of EFQM were rated according to sub-criteria the model. For clarity, the findings in sub-criteria from each interview are evaluated all together for the entire criterion itself. This research does not contain the capacity to evaluate each sub-criterion separately and describe its strengths and weaknesses.

The targeted sample was management of CEMAT, which was an obvious choice

considering the research is carried out in this company. The aim was to assess the current position of the company in quality management and therefor the possibility to implement the EFQM model. Management was chosen as the sample for this research, for they have the most information about internal processes and make the important decisions regarding the state of quality in CEMAT.

### ***2.16.2 Qualitative data analysis***

This type of data comes from diverse sources such as individuals, focus groups, company records, Internet or even photographs. As the amount of this received data can be overwhelming, the purpose of qualitative data analysis is to interpret only the relevant data (Sekaran & Bougie 2010, p.370). In this research data collection was mainly obtained from the company's records, more precisely through interviews with management, where relevant information was given for purposed research.

Many researchers are however critical of this type of research, as it lacks figures and factual data. Bryman & Bell (2007, citing Silverman 1993) suggest, “writers like Silverman are critical of attempts to specify the nature of qualitative research as a general approach”.

It is important to pay attention to what is common in a typical qualitative type of research, as it is a very versatile area. There are several reasons to justify the unsupportiveness of some writers and social scientist of this approach such as qualitative research “subsumes several different research methods that differ from each other considerably” (Bryman & Bell 2007, p.404). Furthermore, another reason seems to be somewhat of an ambiguous connection between research and theory when compared to quantitative data analysis. Theories are the drive for the creation of research question's, which is followed by analysis and data collection, however, theory is meant to be a result of a conducted analysis not a drive for it (Bryman & Bell 2007, p.404).

There are many ways how to conduct qualitative research such interviews, documents, observation or using open questions as part of a survey questionnaire. However, it is not important what method of research is chosen, the nature of the produced data is what defines the characteristics of qualitative data (Denscombe 2007).



Sekaran & Bougie (2010) also agree that this type of research is difficult due to a lack of guidelines concerning how to analyse gathered data. Although, they point out that there have been established some ground rules by authors such as Miles and Hubermann (1994). “There are generally 3 steps in qualitative data analysis: data reduction, data display and the drawing of conclusions” (Sekaran & Bougie 2010, p.370, citing Miles and Hubermann 1994).

## **2.17 Research methodology**

### ***2.17.1 Interviews***

Interview is the most popular method of qualitative research. Although it is often claimed to be an easy task, simply leading a conversation between two people, however “interviews involve a set of assumptions and understandings about the situation which are not normally associated with a conversation”(Denscombe 2007, p.173). Conducting and later analysing an interview is a very time-consuming process still, it offers many advantages. Interviews provide an in-depth analysis of researched topics and are very flexible. Researcher has the immediate opportunity to regulate the interview, resolving issues and ambiguity in questions that may occur. Furthermore, it allows personal interaction with respondents, which brings into aspect the human element; researcher may derive from the tone of voice or expression of the respondent.

Nevertheless disadvantages occur as well. Firstly, it is a prolonged process where time plays a key role. Delays and problems with organising such interview may arise, unwillingness or mood of respondents also affect the outcome. Secondly, not all data collected have to be relevant to the topic, which creates the need for a quality data reduction process and more time. Thirdly, there are critics, which suggest, that interviewers bring their personal perspective into an interview and hence produce bias data. The argument is that “human subjects cannot be relied upon to provide accurate of truthful accounts”(Roulstoun 2010, p.2). Denscombe (2007) supports this argument by stating, what people say is not necessarily what they do.

Saunders et al. (2007) distinguishes between 3 types of interviews:

- **structured interviews** – these involve the use of questionnaires. The interviewer asks predetermined questions, usually with pre-coded answers and records answers onto a schedule. During the whole process, the interviewer must stick to the questions precisely

as they are written and not influence the interview in any way. This type is also known as “interviewer-administered questionnaires” and is used to gather quantitative data (Saunders et al. 2007, p.312).

- **semi-structured interviews** – Throughout this type of interview the researcher has a list of questions and issues, which relate to the research topic and are asked depending on the flow of the conversation. However questions may change order or even form depending on the circumstances of every interview. It is desirable to give space to the interviewee to explore and develop ideas on topics raised (Denscombe 2007, p.176). The researcher may also need to explore in further detail other relevant areas of discussion.
- **unstructured interviews** – This is a informal type of interview, which appears to be more as a conversation. However, the researcher needs to have a clear vision of main research objectives. Then the whole interview is based predominantly on the interviewee’s perception and opinion of the areas discussed, where the interviewer then only reacts to points mentioned that seem worthy of exploring (Bryman & Bell 2007, p.474).

Other authors then add more types of interviews such as Denscombe (2007) with his additional one-to-one and group interviews.

Both the semi and unstructured types of interviews are flexible in use. This is one of the main reasons why for this research semi-structured type of interview was chosen, as questions needed to be asked in continuity to what the interviewee replied.

### ***2.17.2 Structure of the interview***

Interviews can be conducted:

- face to face,
- phone,
- Skype.
- E-mail.

Authors such as Saunders et al. (2007), Denscombe (2007) and Easterby-Smith et al.

(2002) agree, that a face to face interview is the best possible option. It gives the interviewer many advantages where he or she can have control over the situation and react accordingly. Conducting an interview on Skype can thanks to modern technology almost exactly recreate the setting of a face to face. A Skype interview was used in this research, since the researcher studying in the UK wasn't able to be present personally in the company in the Czech Republic.

Moreover CEMAT has chosen to undertake this research only for personal development purposes therefor the results of the self-assessment will not be available to the public, as the company has no ambitions carrying out the method by the standards of the European award for quality.

## **2.18 Ethical issues**

Ethical issues, when conducting interviews in a company, are mostly concerned with anonymity and confidentiality. It is not uncommon for interviewed managers to derive from a question by asking about already supplied information and who provided it. It is therefore necessary for the researcher to realize the importance of confidentiality in the micro-politics of a company and how wrong disclosure of such information can be harmful to an interviewee (Easterby-Smith et al. 2002).

## **2.19 Limitations of research**

Firstly, based on literature theories in Chapter 2, the EFQM model is one of the most evolved and complicated tools for a self-assessment of an organisation. Its complexity requires employee involvement, time and high expertise of the assessor. As standard researches have years to conduct their studies a university student only has one, which in this case results in simplifying the standard method of assessment to a more comprehensible approach for both the researcher and the company. Need to mention the researcher is not a professional assessor of the EFQM model.

Secondly, the fact the researched company resides in Czech Republic, the geographical distance of the researcher and the company causes excessive effort to be exhibited on both sides. The researcher has limited finances to travel and managers are busy people, who need to take time out of their schedule to participate in interviews on Skype and

possible follow-ups.

Finally, the possibility cannot be discounted, that since the researcher is related to one of the managers of the company, respondents knowing this may take it into account and for personal reasons decide not to supply 100% complete or truthful answers. As managers agreed willingly to take part in interviews, they may also freely decide to what information they will supply.

All the above-mentioned limitations ought to be kept in mind when assessing results and concluding findings of the research.

## **2.20 Perception of Quality and EFQM in Czech Republic in SME's**

In Czech Republic it is a generally recognized fact that the entire economy is dependent mainly on the development and stability of SME's, which should be strong, flexible and constantly drive the entire market forward. Smaller businesses are thanks to their advantages such as flexibility, know-how, technical knowledge and focus on the customer able to perform better than any other type of business.

In a study carried out by Doucek & Nedomova (2000) it is shown that the attitude of companies in Czech Republic towards quality management is derived to an extent from their knowledge of this field. About 60% of studied businesses have some awareness of the ISO 9000, but the majority do not implement it as they associate quality management implementation with the increase of bureaucracy and an immediate rise of costs in the company. This implies they have very little knowledge in this field and the cause is mainly their obliviousness and the fact, they view it as a very complicated and costly process.

However another study was conducted in 2011 by the Association for Small and Medium Business in Czech Republic. Carried out in 541 randomly chosen Czech SME's it states, that majority have implemented the ISO 9000 standards and believe, that the most important competitive advantage is flexibility, speed of delivery and quality products, not simply low price. It further explains even though the Association for Quality Measurement possesses the highly superior tool that is EFQM, which demonstrably improves the performance of companies by tens of percent, the Association has no means of how to introduce the model and its features in detail to the business community (AMSP ČR 2011).

Specifically the use of EFQM in Czech companies up to date is rather rare, although the economic results of most of them are excellent. The Council of Quality therefore recommends that managers in companies consider using this tool, especially in these difficult economic times (Ryšánek 2009).

An official representative of EFQM in the Czech Republic is Ceska společnost pro jakost (Czech Society for Quality). Candidates for the prize (Czech prize for quality) are divided into categories according to the number of employees and also depending on whether the entire organization is evaluated, or only a division. Evaluation is based on their own self-assessment reports and the subsequent review in the business. The evaluation team will assess an individual self-evaluation report and adopt an opinion on the assessment schedule site. Score and determine the strengths and weaknesses after. In conclusion reporting back to the company serves as a basis for further improvement. (Národní politika kvality n.d.).

### ***2.20.1 Brief evolution of the Czech Market after 1993***

Since the formation of Czech Republic in 1993 the country was heading to become a capitalist economy. Many doors opened in the business world for starting entrepreneurs. Since until then under the regime of communism all business were state owned, in 1993 the boom of forming private companies began.

Czech market had expanded and increased very quickly in all type of businesses and services. During 1993-1995 few small corporations started the business in area of material handling equipment. Those corporations were founded mostly by people from former state companies thanks to their many years of experience in specific branches. Based on these experiences and knowledge of contacts with customer also CEMAT company was founded (Cemat 2012).

In 1995-1997 only strong companies, which successfully fought with competition stayed on the market, their customers were satisfied and were coming back to them. All prices of service have been broken down. Companies owned by state have been transformed-sold and became owned properties. Foreign investors came to buy some of them or started to cooperate with them in order to get to a higher level (Cemat 2012).

## 2.21 ISO 9000

ISO 9000 consists of a set of international standards for running a business in an effective manner, it simply describes the general management system of a company. It is not limited to companies only, but applies to organisations in general. For the purpose of this dissertation further information will be about businesses only.

A business, which wants to succeed, must have a product that surpasses the competition and people will buy it. For success however, this is not enough. The business must also be able to deliver the product to the customers. It must be delivered on time, in sufficient quantity and quality. Quality goods themselves are useless when you cannot sell them due to malfunction of transportation, supply of material or if the production is closed down by inspection (BusinessInfo.cz 2007).

Good management must simply ensure the functioning of all components, which influence customers satisfaction. Among other things the stability of the company. Therefore, the ISO 9000 standards are not only focused to meet some quality parameters of products, but they concentrate on the way entire organisation is managed. Planning along these parameters is basically like running a household. A business need to have their records in order, make a monthly(yearly) plan and have a clear overview of where their money and goods are heading (Altus software s.r.o. 2005).

## 2.22 Difference between ISO9000 and EFQM

ISO 9000 and EFQM Excellence Model are both tools that help companies improve the quality of both products as well as the organisation itself. ISO 9000 is a standard and compliances of processes in the organization are assessed in comparison to it.

In contrast, the EFQM model represents a kind of ideal or a way to achieve excellence in all activities of the company and therefore also its products. The model is a holistic, comprehensive approach. It takes into account the society surrounding the company, and other interested parties such as customers, employees, partners, suppliers, etc. ISO 9001 **only requires** the satisfaction of the company; over the years it has become a kind of standard that is required from suppliers for example. Although the EFQM model will probably not become

such a standard, for the future success of a company it is a good choice as it helps the organization to be competitive. The important thing to realise though is that it is not necessary to have a working framework of ISO 9000 to bring in the EFQM model (Dostálová 2012).

### **2.23 Introduction Of Chosen Company CEMAT s.r.o.**

The chosen company CEMAT s.r.o. was established and legally documented in the Czech Business Index in April 1994. It is based in the Silesia region, the city of Bohumin and is owned 100% by one owner who manages operations in company as well as financing. The company handles mainly the reparation and creation of heavy equipment machinery specialising on forklift trucks and tires.

CEMAT was based up on long experience of the owner in branch of material handling equipment. Company started business with repairing forklift trucks, selling spare parts and making service for different kind of material handling equipment in the nearby region. From a legal point of view CEMAT is a limited company, therefor private. In the Czech division there is only one owner, whereas in the Slovak branch the company's shares are divided between two owners by 85 % and 15%. See the organisation structure in ATTACHEMENT 1.

Company CEMAT owns 10000 sq. meters of land and five buildings in the market value about 4.5 mil. EUR (evaluated by Expert Evidence - office building, warehouses, workshop and garages). For delivery and customer satisfaction purposes the company has set up branch offices all over The Czech Republic in cities such as Praha, Brno, Decin, Policka, Ceske Budejovice, Plzen and Ostrava. In addition, CEMAT bought 4 buildings in Prague – to use them as Prague region stock and warehouse. The company is more concentrated on offering and selling important products which are necessary for using material handling equipment.

#### **Slovakia branch**

It was opened in 2001 as an independent company owned by the same owner as CEMAT in Czech Republic. Company is located in Martin, Slovakia and has 20 employees and became progressive company in branch of material handling equipment in the Slovak Market. Company sells also important products for the above mentioned branch, such as tyres, additional attachments, forks, catalytic exhaust gas purifiers etc. It offers professional service and spare parts for material handling equipment. Company's sales representatives

represent the company all over Slovak Republic.

## **Employees**

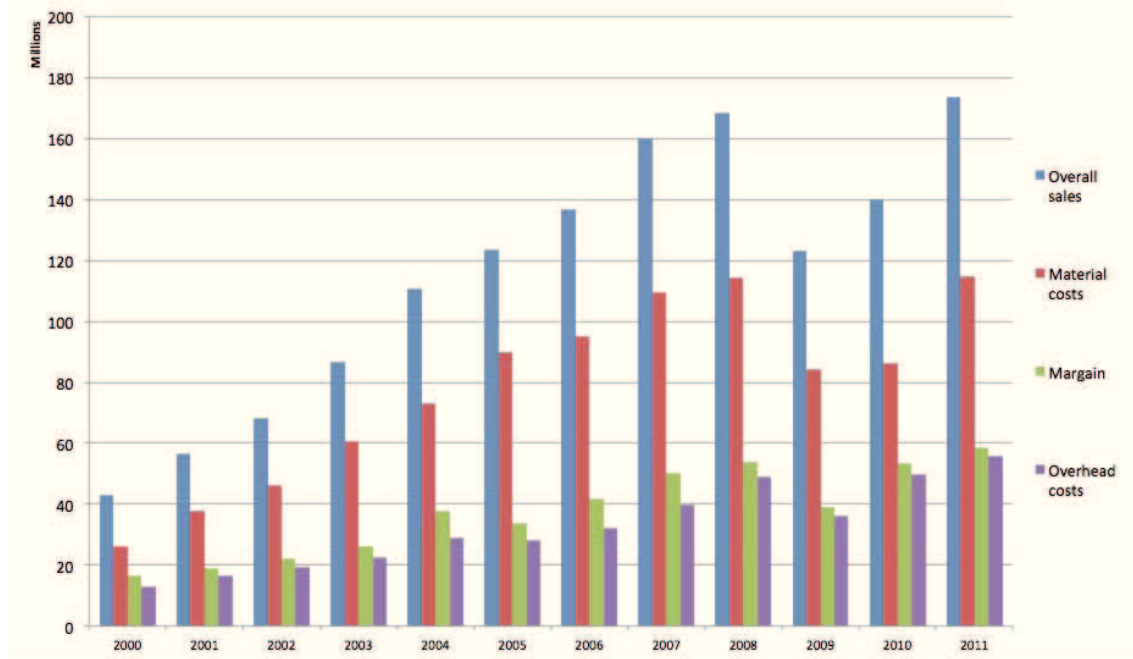
The company in Czech started with 15 employees, also with massive experience in the branch of material handling equipment and now employs about 40 professional employees. Today CEMAT group has a total of **65 employees**, of which 45 reside in the Czech branch in Bohumin and 20 in Slovakia.

Generally speaking CEMAT group covers with its sales net whole region of Czech Republic and Slovakia. It employs 13 very experienced salesmen all over the “Czechoslovakia region” and 8 people working in office as product managers which are ready to support their dealers and customers with professional approach. The company prides itself on very skilled servicemen with years of practice, who are specially trained for pressing tyres and other specialisations.

After undergoing severe changes in 2001 the company was transformed creating two new branches T.B.Company and Starlift. Today CEMAT’s main focus and its business line are based on owning and renting buildings, workshops and warehouses. T.B.Company and Starlift took over the business line of company CEMAT s.r.o. of the whole forklift trucks business for selling and service. CEMAT trading then took over the left parts of the business which concerned themselves with trading and started to sell products for almost all of the producers of forklift trucks, becoming one of the biggest service companies in region (Cemat 2012). Bellow is displayed a summary of CEMAT’s financial performance throughout the years 2000 to 2011.



**Figure 2.4 Performance of Cemat in years 2000 - 2011 (amount in CZK)**



Source: own work based on data from Cemat 2012

## **2.24 CEMAT in the evolution of the Czech Market**

Based on above-mentioned experiences from state owned companies and knowledge of contacts with customers, CEMAT company was founded in 1994.

After 1997 many economic changes were made which helped to restore the country's economic growth. These changes were namely inflow of foreign capital or increasing private consumption due to rising wages (Boudová 2008).

Czech market started to increase slowly. The Czech market of handling equipment reached about same level as the year before, CEMAT sales kept up with the competition, and the market shares increased. Companies based on heavy industry products were closed or stayed as small companies.

Since 1999 the market may be described as a waiting horse - everybody is waiting what will happen if more investors come and the company's economic will start to be strong again. Some prices were reduced in order to be more competitive and started with new price strategy for our dealers.

Then in 2001 the organisation has been changed in order to give better service to key customers and to increase the efficiency of our employees. New software for warehousing,

ordering and invoicing has also been implemented to ensure an efficient flow to and from the customer. CEMAT was prepared to fight all competitors by staying on the market, as full customer satisfaction is their main objective.

From 2002 till 2008 the CEMAT trading company has been growing and getting stronger. During this time lot of changes have been made and CEMAT trading became to be one of the leaders on Czech market with approximately more than 30-65% market share depending on the product.

Unfortunately in 2009 was a difficult period due to the fact that Czech market was hit by World economic crisis. The company had to undergo some changes and experienced some losses, but maintained to stay a strong competitor on the market.

## CHAPTER 3. Practical use of the EFQM model in a chosen company

This chapter presents the findings of conducted research, which looked at the evaluation of CEMAT based on the EFQM criteria and a possible implementation of this model. According to the problematic the results have been divided into following sections according to the sub-criteria of EFQM. Each interviewee was interviewed on the basis of these criteria, therefore results will be analysed accordingly step by step.

Both the semi and unstructured types of interviews are flexible in use. This is one of the main reasons why for this research semi-structured type of interview is used, as questions needed to be asked in continuity to what the interviewee replied. The following is a brief description of respondents.

### 3.1 Profile of respondents

**Table 3.1 Profile of respondents in Cemat**

Managers	Position in company	Year working field	Years working in CEMAT
Manager A	Chief Executive Officer (CEO)	25	18
Manager B	Executive Director	22	14
Manager C	Executive Sales Manager	5	5
Manager D	Sales Manager	5	2

Source: own work based on data from Cemat 2012

Description of respondents positions:

- Chief Executive Officer:
  - represents the company on the outside,
  - negotiates and closes contracts on behalf of the company,
  - responsible for managing the business and its economic activities,
  - setting corporate strategy,
  - budgeting,
  - negotiating with key customers and strategic partners.

- Sales director:
  - is responsible for coordinating the implementation and development of business and sales strategy,
  - decides on the implementation of trade policy and the use of internal resources,
  - responsible for the strategic management and influencing the development and innovation processes,
  - represents the company in creating and maintaining business relationships and negotiations with partners,
  - has the responsibility of management and supervision of employees, the distribution of tasks and follow-up meetings with them, including motivation and evaluation of these employees.
  
- Operations Manager:
  - responsible for the smooth running of the company during normal operation,
  - coordination, solving operational problems and prevent their systematic maintenance planning,
  - ensures the effectiveness of management and performance evaluation.
  - creation and control of financial plans,
  - approving and monitoring compliance with internal processes and regulations,
  - manages, coordinates and supervises the work entrusted to the department.

### **3.2 Competitors in industry**

Competition analysis, which is presented here is only illustrative, since it is not the objective of this research. It is intended to only outline a connection with the management of quality in CEMAT.

CEMAT's competitive advantages are:

- tradition and history of quality service,
- implementation of ISO 9000 principles,
- large supply of manufacturing presses and available service,
- mobile press for location work,
- warranty 12 months on products,
- free pick up and disposal of tyres,
- lease of attachments,

- **consultancy** in the area of handling equipment,
- launching of a new CEMAT original product - CMT pitchforks.

CEMAT has awards for quality services from all over Europe including countries such as Germany, Italy, Finland, but even Sri Lanka.

The market of material handling equipment includes many different companies in Czech Republic, unfortunately there is no general overview or statistics available when comparing these companies. Therefore all information provided is only from internal documents of CEMAT, who is focused on maintaining competitiveness within industry. It maintains an overview of its main competitors.

CEMAT concentrates on 3 main areas of business and is the exclusive representative for sales in Czech Republic for these international companies:

- tyres – Solideal, Marangoni,
- forks – Cascade, Bolzoni Auramo,
- attachments – Bolzoni Auramo.

CEMAT has no direct competitor who concentrates on all of these areas, however the main competitors in each area are:

1. Continental - tyres

- one of the largest producers of premium tyres for commercial vehicles,
- Continental AG makes tyres for trucks and buses under the brands Continental, Uniroyal, Semperit and Barum,
- employ 30,000 employees in 190 offices in 35 countries.

2. Vetter – forks

- for 30 years a leading European manufacturer of forks,
- in Czech Republic represented by Matl & Bula - mainly **service and repair** of material handling equipment.

3. Cascade - attachments

- global leader in the design, manufacture and marketing of materials handling equipment and related technologies.

### **3.3 Self-assessment on the basis of EFQM**

As has been mentioned in chapter 2.17.1 semi-structured interviews were conducted. Each interviewee was contacted through Skype as the company and the managers reside in Czech Republic and the research took place in England. Other reasons for this action are also mentioned in the methodology chapter. Each manager has been interviewed separately and all answers were strictly confidential, therefore no influence of managers has occurred. First the manager was given a brief presentation on what EFQM is and was introduced to the problematic of self-assessing. As there was a set list of questions based on a standardised questionnaire of EFQM, this was followed during the process, however, each manager had different experience in different areas of the EFQM criteria, therefore they were let to explore more in their fields of specialty for the purpose of having sufficient data for the research. In the main areas such as leadership, strategy, products and customers all managers had provided thorough information and knowledge of these areas as can be seen further in the thesis. Other fields were not covered by all four of the managers. A questionnaire was not sent out to the managers to be completed as the EFQM is a complicated problematic and CEMAT has never used TQM principles nor EFQM self-assessment, therefore a verbal communication was necessary to achieve better and more accurate results in the research.

Lower-level employees were not submitted to interviews for such reasons as mentioned in subchapter 2.19 Limitations of research and moreover, they are not the key group when it comes to the concept of the EFQM model. This is targeted on the main management, as they are the ones that make decisions in a company. Also limited amount of time was an obstacle when conducting this research as proper researches take years to perfect their outcomes.

In the following subchapters each EFQM criterion has been analysed in detail, data from interviews were gathered and crosschecked with each other and on this basis the company's strengths and revealed opportunities were stated. Secondary resources were not used in this analysis, as this is a specific research tailored to one specific company and therefore no outer data would fit. The only secondary information supporting this research is the literature review and description of the EFQM testing method as mentioned in chapter 2 from authors such as Waller (2003) or Dale et al. (2007).

### ***3.3.1 Leadership***

The vision and mission of CEMAT is to satisfy and develop a close relationship with the customer by providing quality and long-lasting products for competitively lower prices. The company is currently working on a longer-term and more descriptive vision. The management has set long-term as well as short-term goals.

Management displays their loyalty to the company by searching for new business relationships and any other opportunities that arise and can profit not only the economical results, but mainly CEMAT obtaining a better image and prestige. They undertake training in marketing innovations and seek opportunities to improve their knowledge in industry and marketing skills as well as language.

Leaders encourage innovation processes. By motivating employees with higher pay and other benefits, it should create a competitive atmosphere. Innovation occurs mainly in sudden growth of orders and crisis situations, thus an optimization process is created and later in increasing production capacity and a better organisation of work.

Announcing a contest for employees creates a motivational atmosphere. The most recent was to come up with innovative ideas, which would bring savings to the company and employees would then receive 50% of created savings. Unfortunately, there was no reaction to this incentive.

Communication between customers and company is maintained on a regular basis. Chosen managers visit minimum of 2x per week their VIP customers. Others are contacted mainly through email on a weekly basis. The same can be said for supplier relationship, where visits occur about once per week at least to exchange a few words even if no problem needs solving. The main idea is to set mutually beneficial conditions of the relationship with emphasis on providing quality service and partner loyalty

As for the managers evaluating employee's performance there is a trend of continuous evaluation set. Each employee has a track record in the form of a software program DATABOX, where all significant actions, ideas and contributions are registered and appropriately rewarded. Whether it is salary assessment or other forms of bonuses for work

done beyond their job description. Orders are delegated to lower levels of management. Cooperation within the organization is good.

**Table 3.2 Strengths and revealed opportunities in Leadership**

<b>Strengths</b>	<b>Revealed opportunities</b>
Loyal employees	Mission and vision of company needs reformulating and improving
Supplied motivation and resources for constant improvement	Improvement opportunities promoted only on a voluntary scale
Thanks to company's size there is a often communication among leaders and customers	

Source: own work based on data from Cemat 2012

### **3.3.2 Strategy**

The company's strategic goal in the horizon of 3 years is to become number one on the Czech market. Currently their position is second, behind Matl & Bula mentioned above. On the market CEMAT is viewed as a solid trustworthy company. As for their long-term mission and vision, the company is in the process of developing it.

Strategy is modified depending on the changing trend in the market. CEMAT evaluates their position based on overview of sales of individual products and behaviour and actions taken by their competitors. This strategy is meant to eliminate possible threats and also to balance sales in all products and services.

Implementing chosen strategies is done sporadically among employees by technical and managerial training. Others very often include increase of sales or establishing a relationship with a new strategic partner. These changes and improvements are introduced at regular once a month personnel meetings or in urgent cases by email. Employees view these as somewhat beneficial. Changes make them feel as the company is moving forward, but it also brings many changes and many employees rather prefer continuity in their work. Evaluation of implemented strategies then takes place once a year, where results of previous years are compared and decisions are made based on obtained results, whether it is necessary to improve the position of the company.



**Table 3.3 Strengths and revealed opportunities in Strategy**

<b>Strengths</b>	<b>Revealed opportunities</b>
Strong position on market	Room for improvement when going for nm.1 on market
Cemat regularly monitors the activity of competitors and conduct their own research and competitive market in which it operates	Not thorough evaluation of competition and comparisons
Regular contact with customers allows flexibility when adapting products and services to current market trends	Company's strategy isn't official – policy like
Key aspects of short-term strategies are not specifically defined	

Source: own work based on data from Cemat 2012

### **3.3.3 People**

The company started with approximately 15 employees and over the period of 18 years grew considerably. During and after the economic crisis the company maintained their employee count compared to their competition. It did so by communicating the problem and based on mutual agreement for a short period of time decreasing benefits employees had. Due to a good relationship among management and workers this decision was possible. Currently staffing especially in managerial positions is quite stabilised, with occasional need of change. At the moment the position of marketing manager is unoccupied. Human resources are planned and improved based on the decision of management.

Human resources capacities are tied to the strategy plan of CEMAT and decides, whether current personnel is sufficient. When new personnel is needed, there is a public notice and job interviews are thoroughly conducted. When choosing the best candidate, all necessary training is provided for each position. Capabilities of employees are maintained and developed by promoting education and undertaking seminars. Employees who identify themselves with the company, agree with the objectives and implementation of the constant re-evaluation

Dialog between management and workers is set by directives, but there are seen a few drawbacks. Employees often fail to communicate difficulties early on and new inputs are not always accepted positively, which influences efficiency of production. When a problem

occurs a meeting is set to find ways of solving it. It is in the best interest of management to oversee satisfied employees.

As for taking care of employees and benefits, these are all sufficiently provided. Others are also in development such as sense of belonging and further training in their positions.

**Table 3.4 Strengths and revealed opportunities in People**

<b>Strengths</b>	<b>Revealed opportunities</b>
Strong employee base	No standard method to evaluate the level of employees knowledge and therefor identify the need for improvement
Team work is the basis of all relevant sales	Weak communication channel between employees and management
Teams are created flexibly based on competences and previous experiences	Mainly it is relied on informal passing of information concerning work relationships
Further learning and development is encouraged throughout the whole organization	Insufficiency of precise policies on what, when and how to delegate
Employees use benefits such as meal tickets, mobile phones, firm vehicles, free development classes	

Source: own work based on data from Cemat 2012

### **3.3.4 Partnership and resources**

First 4 years after CEMAT established itself, the company was financed mainly from investment of the owner. However, deposits have since been used and the present business is profitable and financially secure, as have the private financial statements of the company shown. CEMAT manages to finance the business from its profits. As for losses in 2009 and 2010 these are now gradually reduced. During this time the company was financed from internal resources and loans. At the current time financing is managed mainly by the owner and implemented by the economic department.

Information resources are a weak link. There is an established communication system, but mostly among managers, lower level employees are not included adequately. Management relies on employee's convenience, ignorance and unwillingness to go work for competition.

Relationships with suppliers are managed through contracts. These are mainly long-term personal relationships supported through sales and service. Often meetings at fairs and exhibitions are a standard.

Key suppliers of materials are also detained through a contract, all being companies that hold a certificate of quality ISO 9000 as Cematec is also among the companies upholding these principles. Technologies are updated according to current trends.

**Table 3.5 Strengths and revealed opportunities in Partnership and Resources**

<b>Strengths</b>	<b>Revealed opportunities</b>
Finances of the company such as expenses on material are very closely watched	It is not being determined whether employees use the ideal approach
There is set system of documents describing the procedure for the ideal approach to a contract	Not established official communication link between management and employees
Managers encourage innovative approaches to work to improve efficiency in business	

Source: own work based on data from Cematec 2012

### **3.3.5 Processes, Products and Services**

Process management of all activities in an organization creates conditions for effective use of resources, reduce errors and focus on continuous improvement

Specially appointed managers continuously monitor and improve workflow. At present a set of new directives are being prepared in order to describe duties of each individual in the company to avoid duplication of efforts and contrary to some activities and responsibilities, which are left neglected. Other general processes are generally known, however they are nowhere written. This is a part of CEMAT's project creating a clear mission and vision.

The following are new directives:

- directive governing the relationship to important customers (VIPs) and special procedures (emergency plans) in relation to these customers if the supply or quality of products should be endangered,

- directive - Delivery deadlines,
- directive - Personnel policies and employee code of ethics,
- guidelines for "staff training". Directive establishes educational circuits and frequency of training for each position in company. Furthermore, it establishes recommended professional development programs.

Occasionally SWOT analysis is carried out and mainly personal and team goals are evaluated on how they were fulfilled (SMART criteria are used).

The goals of CEMAT are improved not only by acquisition activities, but also depending on warehouse stock, pricing policy, service and flexibility of employees. It proved to be more practical to quickly implement new processes, rather than to give employees time to get used to them, which only caused more confusion. Also depending on the situation in the market, objectives can be set to a higher level.

There are some new implemented technologies and software to help improve processes, mainly in the manufacturing department (ex. new press in warehouse) however, their amount is very low. Company doesn't invest often into modern technologies unless there is a stimulus from warehouse management.

There is much attention paid to re-evaluating functionality of processes in order to avoid mistakes previously made. Most recently the DATABOX system for employees was converted to the RM system which showed to be a large drawback that was thereafter fixed.

The managing of managements own key processes for creating products and services goes through product managers and consulting with CEO. There are specific goals set with a time management plan and continuous monitoring of progress to make sure right approaches are taken.

**Table 3.6 Strengths and revealed opportunities in Processes, Products and Services**

<b>Strengths</b>	<b>Revealed Opportunities</b>
Emphasis on evolvement of processes. Company doesn't stay put and is initiative to make changes	Monitoring of compliance with standardized processes is often done only when a problem occurs.
If a product isn't in accordance with the main or is poor quality it needs to be redone	There is a working system of monitoring processes. However there is not always enough personnel to ensure systematic control
There are standard ways established of how processes in the company should look like	Explore the possibilities of evaluating strengths etc. with other than SWOT and on a regular basis
When a new approach is established, its application is ensured in all other areas	

Source: own work based on data from Cemati 2012

### **3.3.6 People results**

Criterion provides information about how employees are satisfied and evaluation sub-criteria shown in the company's performance in meeting the needs and expectations of employees.

Creating evaluation systems requires certain costs, mainly a skilled HR team with a number of experts and since the company is classified as a small business with only 65 employees, there are not many resources to undertake this process. This is currently the not in the limit of company's financial strengths, which already carries the high costs associated with mandatory reporting to the state. The company concentrates mainly on problematic of wages and professional education of its employees.

Sub-criteria questions concerning themselves with topics such as participation in improvement teams, participation in the design plans, assess the level of training completed, measurable benefits of teamwork, the number and nature of complaints or the effectiveness of communication have not yet been thoroughly addressed.

Evaluation and presentation of results, trends, targets and comparisons with competitors and best in the industry is carried out only in top management, i.e. at the level of partners. Performance and recognition of individuals is evaluated on the basis of great

accomplishments, which are displayed above the mandatory work description.

Overall employees view the company as a stable and secure working environment and a market leader in its industry. This statement was given by the managers, as there was mentioned in the beginning of this chapter, interviews with lower-level employees were not conducted.

**Table 3.7 Strengths and revealed opportunities in People results**

<b>Strengths</b>	<b>Revealed Opportunities</b>
Evaluating employees and rewarding them for their achievements – this creates positive atmosphere	There is no regular standardised way of identifying employees needs
Regular increase of competencies assigned to employees	There is no evaluation of effectiveness of training
Delegation of powers and competencies of employees	

Source: own work based on data from Cemat 2012

### **3.3.7 Customer results**

CEMAT measures and analyses customer satisfaction and loyalty according to everyday communication. The area on which attention is focused, includes:

- the perception of the customer according to competitiveness,
- number of complaints and their handling,
- organization of sales,
- the duration of customer relationships.

The company does not measure and bother with any customer satisfaction survey questionnaires. These methods are being refused mainly since they are an unpleasant waste of time for everyone, especially come to annoy customers, and their explanatory power is considered weak, due to the managers, limited. They have stated, that one who measures the quality according to the questionnaires, has no place being in business.

Quality can be recognized by careful monitoring workers at the workplace and by

close monitoring of product quality during the manufacturing process. The company introduced the principle, that poor-quality products may under no circumstances leave the production area and must be discarded immediately. Also unskilled workers have no business being in the workplace, therefor training is enforced especially in the manufacturing section.

According to company data 87% of trades conducted in the past 5 years have had full success and no complaints from customers. What customers aren't satisfied with are the prices of some products and the newly introduced transportation charge. These have since come back to do further business with CEMAT and maintain a satisfactory relationship for both sides. However the position of Marketing manager is currently unoccupied in the company, therefor not much information is available to this criteria.

**Table 3.8 Strengths and revealed opportunities in Customer results**

<b>Strengths</b>	<b>Revealed Opportunities</b>
Regular communication with customers and in case of any faults the company takes immediate action to repair them	There is no tool to determine the whole image of the company (or individual processes)
The company has detailed information on their customers history	Very low surveillance on comparison with competitors

Source: own work based on data from Cemmat 2012

### **3.3.8 Society results**

The company approaches contemporary requirements on quality of life, environment and protection of global resources and internal rate of efficiency in the firm. Relations with the authorities and people assessing the company's procedures are standard. CEMAT and its employees have an ethical approach and strive for exceeding the regulatory and legal requirements.

Publication of results, trends and comparisons with other businesses and with the best in the industry is not usual for such small companies. Heavy competition and pressure on cost management does not allow for a massive "result" presentation campaigns, these are more typical for large corporations.

As a manufacturing company CEMAT naturally produces waste. As a member of the

packaging waste company EKO-KOM, the company pays detailed attention to recycling and follows procedures beyond the requirements by law. Here are the main activities:

- regular collection of municipal waste
- quarterly reports on packaging production – including pallets, boxes, stretch film
- reporting the amount of packaging imported/exported from/into foreign countries
- yearly check-up of flue ways
- disposal of hazardous waste
- disposal of used tyres

**Table 3.9 Strengths and revealed opportunities in Society results**

Strengths	Revealed Opportunities
Strong awareness of ecological problems, excessive contribution to the environment	It is not clear what is the company's image as an employer
Promoting products and company with environment in mind	

Source: own work based on data from Cemat 2012

### **3.3.9 Key Results**

In comparison with its plans and in meeting the needs and expectations of the CEO is displaying overall good results. The company has been generating raising profit each year as can be seen in figure 2.4 Performance of Cemat in years 2000 – 2011.

The results of the company are described in chapter 3.5 Introduction of CEMAT. Comparison with competitors is not available, but as it has been mentioned, CEMAT has no direct competitor in its area of work, therefor evaluates each part of the business with a wide range of competitors.

Measurements in the company are related to parameters of key processes in the company such as productivity, speed of delivery of production, average wage, the efficiency of production factors etc.



**Table 3.10 Strengths and revealed opportunities in Key results**

<b>Strengths</b>	<b>Revealed Opportunities</b>
Cash flow and costs are being regularly monitored	No monitoring and development of intellectual capital
Company identifies various indicators to measure key processes	
Stable profit, there is a positive trend in turnover increases	

Source: own work based on data from Cemat 2012

## **CHAPTER 4. Recommendations for company's management**

This chapter will contain discussion on the data drawn from conducted research as well as recommendations on how to develop revealed opportunities.

The following is the summary of Cemat's main targets as described on chapter 3:

- restructure mission and vision of company to be clear to all employees,
- stay profitable in order to finance,
- in the horizon of 3 years become number one on the market,
- modifying strategy according to external influencing factors,
- maintain and strengthening good relationship among management and workers including information flow,
- maintain and strengthening good relationship with customers and suppliers,
- concentrate and evolve in contributing to the environment,
- stay focused on targets.

To summarize, the following are the most significant areas of CEMAT's revealed opportunities, which will be further discussed in this chapter:

- the absence of a precise definition of long term goals and mission fails to let the employees identify themselves with corporate objectives,
- lack of communication between management and employees,
- lack of employee assertiveness and improvement,
- random evaluation of established processes,
- oversight of potential in intellectual development.

Firstly it is important to mention information obtained was from conducted interviews with the managers. They have supplied all information concerning the criteria.

### **4.1. Focusing on leadership**

Regarding company's approaches it is clear in most areas discussed it has achieved relatively solid results. Considering CEMAT has already implemented ISO 9000 principles as stated in subchapter 3.2 as the company's advantage, it has therefor set some guidelines for implementing quality. This is a strong foundation on which TQM principles can be built. However CEMAT has decided to provide even better quality to their customers by learning

about the EFQM framework, which began the basis of this work.

One of their strongest features is definitely leadership. Having a CEO with over 25 years of experience in the business, the company has a great advantage in the form of a clear vision and strategy. However, vision and mission as well as long-term targets in the strategy plan are currently being developed according to the RADAR logic defined in Chapter 2. These are being created in the form of policies and official documentation in order to be in alignment with the company's new approach on improving their image. Until now it has been only spread informally. This can be seen as focusing on the soft TQM as mentioned by Bou-Llusar et al. (2008).

In addition, the management team is designed accordingly to their skills and experiences. As seen in subchapter 2.9 when discussing the criteria of EFQM model, there is a direct logical relationship between leadership, in this case the management of the company and criterion People. Here the relationship established and developed influences the running of the company (Flood 1993). The number of new young managers and the older experienced ones is almost equal as found from the interviews in leadership criteria. Hence, for this research an according sample was chosen to show different perspectives. By giving an opportunity to young people to establish themselves as professionals this gives CEMAT a great advantage in today's world, where most organisations require experience and therefore occasionally pass on the opportunity to evolve through human capital. In contrast this naturally brings risk as well, for example the threat of losses caused by inexperienced decisions. However, up to today it has proven to be a good choice for CEMAT as profits are continually growing. This statement is drawn from the company's overall sales from Figure 2.4 in years 2000 to 2011.

## **4.2 Implementing vision and mission with employees**

CEMAT has a strong sense of self. Its main strategies and aims are clear to all top management employees, however not so clear to the rest as discovered in the interviews. It was found in the research, that managers have a strong recognition with the company and are able to capture the right opportunities, which move the business forward. This is relevant as they are the ones making the important decisions, whereas lower level employees create the foundation as Flood (1993) mentions. Despite this fact, CEMAT realises all employees are vital and has chosen to further implement its strategy and vision to all level employees to

fulfil one of the fundamental concepts of EFQM mentioned in subchapter 2.7 as well as their company's target, mentioned earlier in this chapter. In addition a threat to the company is the fact that the creation of policies and strategies are tied to only a few managers and should these people "drop out", CEMAT would be at significant risk.

#### ***4.2.1. Employee development and training***

One of the fundamental concepts of TQM is to satisfy all parties involved in the organisation. In this area CEMAT is still developing as results have shown it somewhat overlooks the needs of its employees. A creation of two parties has been observed, where dialogues take place – the management and the lower level employees. This proves to be ineffective considering the company is striving for excellence in all areas. Looking at Waller (2010), he stresses it is the role of management to strengthen a culture of excellence in a company, which includes strong communication with employees. Therefor, based on the interview findings it is suggested for management to take action in this area as it has been found as a weak link in the research. However, need to realise, this data has only been given by the management party.

From a different point of view, the employees are given opportunities to professionally evolve, which not only offers the company a greater advantage, but also improves their qualification and possible rise in wages. However, this is still a voluntary task and unfortunately not many take advantage of it as stated by the management, therefor this puts the future growth of CEMAT in jeopardy. Making training a compulsory task through implementing it in employee's job descriptions could solve this problem. This suggestion stems from the fact that managers have mentioned in subchapter 3.3.6 People results, that employees are uncooperative and not always willing to participate in company's extracurricular and self-developing activities even though provided the opportunity.

### **4.3. Evaluation of processes**

Coming to discuss the processes criteria of the EFQM, here the main weaknesses were found when evaluating and examining processes in all areas of CEMAT. Authors such as Basu (2004) and Bou-Llusar et al. (2008) agree, that through co-operation of processes and people in the whole organisation, excellence can be achieved. CEMAT does emphasize on developing and implementing new approaches, however doesn't follow up on the compliance with established standardised procedures. Only when a problem occurs, monitoring increases.

This creates space for human errors, as employees know they will not be monitored after a certain period of time and are more likely to become careless.

#### **4.4 Society and environment involvement**

The single criterion that has been completely fulfilled is Society results. CEMAT goes above and beyond standards and requirements when it comes to the environment and its sustainment. This can be proved by their many awards and prizes in these areas, such as Environmental Management System Certificate, Health and Safety at work Management System Certificate or being a member of the packaging waste company EKO-KOM (Cemat 2012). Some of their qualification copies are displayed on the company website. The company therefore currently requires no further action in this area, nevertheless it is important to stay focused and maintain the current status in order to not fall behind with current trends, which is also one of Cemat's target stated in beginning of chapter 4.

The Society results criterion, hence being a result is linked with the leadership enabler criterion. Ergo, based on the EFQM statement from subchapter 2.9, that all criteria have a relationship and influence one another, this implies having strong and quality results in this 8th criteria, that Cemat has good-decision making based leadership in this area.

#### **4.5 Assessing Customer and Key results**

According to the literature review the EFQM assigns two highest scores in its model to Customer and Key results, hence these are significant indicators influencing quality in a company. With regards to the interview results, CEMAT's customers are overall satisfied with products and services, however not the price. Price is affected by various factors such as economic trends or supplier prices (Griffiths & Wall 2008). Based on this finding, it is logically implied the company cannot always influence the final price they have to set for their product as this could make them unprofitable, yet they can offer deals, loyalty discounts and use other tools to keep their consumer satisfied. This according to the CEO of Cemat, is the plan of restructuring and new strategy for the company currently being developed.

As for Key results, CEMAT is showing continuous profit and meeting its short-term goals, according to their private financial statements reviewed for this research, ergo they are on a right strategy path. Not being yet number one on the market, which is one of the company's

target stated in chapter 4, creates a motivational atmosphere within the company, as financial security is not CEMAT's main target anymore. Still, referring back to results from interviews and reviewing financial statements, in this section they ought to focus on developing intellectual capital, where according to Dale et.al (2007) the true potential and success of an organisation lies. A strong recommendation is to undertake more quantitative research regarding quality, as there has been found there are not much data available in this area for CEMAT. This thesis has been an introduction for the company into the TQM principles and the framework of EFQM, therefor by approving this research the company showed interest in the area and in pursuing it in the future for their personal development.

#### **4.6. Focusing on competition**

When looking at the core concepts of EFQM in chapter 2, CEMAT focuses on all. However, it cannot pay detailed attention to every single one constantly, therefor currently areas such as benchmarking and developing human resources stay behind. It is suggested to focus more on comparing the company among competition and keep developing human capital in order to establish itself further as this is the only way Cemat obtains any external benchmarking, since they have no direct competition as mentioned in subchapter 3.2. Competitors in industry.

To conclude the recommendation and discussion on key revealed opportunities, the following is a summary of CEMAT's strong attributes as found in the research according to the EFQM principles:

- strongly positioned company on the market with strong management,
- achieving profit and overall good results,
- the customer is their main focus,
- stable internal system of delegating and assigning power,
- re-evaluating functionality of processes.

## **CHAPTER 5. CONCLUSION**

Main purpose of this dissertation was to introduce the EFQM Excellence Model and focus on the possibility of its practical use in a CEMAT. The literature review introduced and defined the problematic of TQM and interviews with managers of chosen company were conducted to obtain desired results. Subsequent to the set objectives the managers were familiarised with the EFQM model and practices through a short verbal presentation before conducting the interviews. Evaluation was carried out and most importantly the company's strengths and opportunities for improvement were introduced.

It is vital to mention, that CEMAT has conducted a self-assessment for the first time and has not yet officially implemented TQM principles. Considering this fact, based on the criteria scale of EFQM the results obtained are very good and they form a good basis for company's further development. Presuming the company will work on their strengths, develop them, maintain them and benefit from them, in conjunction with improving their weaker areas, quite significant improvement can be expected in CEMAT's performance.

As the interviews gave, CEMAT obviously has a high standard of quality already implemented. There have been areas revealed for the company to improve in, however no significant gap in the quality implementation process has been found. It can be said, that CEMAT has a strong sense of quality and will have no problem introducing the TQM principles and the EFQM model, as it has been doing so already, however unintentionally and in an unstructured manner. By putting their strategies and policies into a framework, which EFQM proposes, the company has high potential to succeed in its main goal of becoming the leader in its market.

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## **List of abbreviations**

EFQM – European Foundation for Quality Management

TQM – Total Quality Management

etc – et cetera

## **Declaration of the use of thesis conclusions**

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